



Christine O. Gregoire


ATTORNEY GENERAL OF WASHINGTON

1125 Washington Street SE • PO Box 40100 • Olympia WA 98504-0100

August 2, 2004

Mr. Steve Wright
Administrator
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208

RE: **Bonneville Power Administration Transactions with Enron**
Potential Impact of *El Paso Electric Company*
FERC Docket Nos. EL02-113-000, EL03-180-000

Dear Mr. Wright 

Recent actions by the Federal Energy Regulatory Commission (FERC) may have enhanced the opportunities for Pacific Northwest utilities and other purchasers of electricity to remedy injustices caused by the fraudulent and manipulative market practices of the various Enron companies during the energy crisis of 2000-2001. I write to encourage and support the Bonneville Power Administration (BPA) in efforts to seek relief for Washingtonians, and others in the region, from the effects of Enron's behavior on the wholesale market in which BPA was a purchaser.

The recent release of additional evidence, including recorded trader conversations, dramatically confirmed Enron's distortion of the western energy market. As you know, on July 22, 2004, FERC ordered a comprehensive evaluation of all of the Enron-related materials in the so-called "Enron gaming proceeding" (Docket EL03-180-000). In the same order,¹ FERC signaled a new willingness to examine claims for relief for purchasers of electricity from Enron, stating "Enron potentially could be required to disgorge profits for all of its wholesale power sales in the Western Interconnect for the period January 16, 1997 to June 25, 2003." This is a promising development for many Northwest consumers and purchasers of electricity.

The July 22nd *El Paso Electric* order suggests that FERC will consider, and may be receptive to, claims by those who purchased electricity from Enron. Although BPA

¹ *El Paso Electric Co.*, FERC Docket No. EL02-113-000, July 22, 2004.



ATTORNEY GENERAL OF WASHINGTON

Mr. Steve Wright
August 2, 2004
Page 2

has resolved major issues stemming from its long-term contracts with Enron, BPA should examine whether these new developments can lead to an even better resolution for BPA and its customers. Additionally, the recent FERC ruling suggests that it may be possible for BPA to make a claim for relief as a purchaser in the Enron-tainted wholesale short-term market, even if the resolution of the long-term contracts remains as it is.

The Attorney General's Office has a substantial interest in ensuring that our energy markets are effective, efficient, and competitive. Should BPA choose to make claims in the FERC proceeding, this office stands ready to assist your efforts.

My staff has worked cooperatively with BPA on numerous issues pertaining to the 2000-2001 crisis, and I have gained an appreciation for BPA's efforts on behalf of its customers. When you have concluded your analysis of the contractual issue, and made a determination of your ability to seek additional relief, I would greatly appreciate your sharing of that analysis with my office. I have asked Deputy Attorney General Jeff Goltz to coordinate the efforts of our office and to contact your general counsel's office no later than September 1, 2004, to discuss your analysis. If you wish to contact him, he can be reached at (360) 753-2578.

Sincerely,



CHRISTINE O. GREGOIRE
Attorney General

COG:tlr

